

<i>SERFF Tracking Number:</i>	<i>WLPT-126752545</i>	<i>State:</i>	<i>California</i>
<i>Filing Company:</i>	<i>Anthem Blue Cross Life and Health Insurance Company</i>	<i>State Tracking Number:</i>	<i>PF-2010-01534</i>
<i>Company Tracking Number:</i>	<i>092310</i>		
<i>TOI:</i>	<i>H16I Individual Health - Major Medical</i>	<i>Sub-TOI:</i>	<i>H16I.005A Individual - Preferred Provider (PPO)</i>
<i>Product Name:</i>	<i>PPACA 9/23 plans</i>		
<i>Project Name/Number:</i>	<i>New PPACA-compliant plans/</i>		

Disposition

Disposition Date: 11/25/2010

Implementation Date:

Status: No Objection

Comment: The disposition of this filing without objection is conditional upon Anthem's commitment to establish active life reserves for the plans covered by this filing.

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Anthem Blue Cross Life and Health Insurance Company	%	%	\$		\$	%	%

Anthem Blue Cross Rate Filing for PPACA-Compliant Plans

State Tracking Number: PF - 2010-01534

We have reviewed the company's rate filing for new PPACA-Compliant Plans. These plans are intended to comply with the federal Patient Protection and Affordable Care Act (PPACA), as well as changes in California law. As such, these are new plans, distinguishable from existing plans. Since these are new plans, the lifetime loss ratio is based upon projections of future experience, based in part upon past experience of relevant existing plans, but with adjustments to recognize the changes.

The rates reflect increases attributable to the company's estimate of the impact of the new federally mandated provisions ranging from 3.9% to 12.1%, depending on plan design. Also, in accordance with California Insurance Code 10140.2(a), the filed rates are unisex.

The company's actuary has certified his projection of the lifetime loss ratios for these policies to range from 70.5% to 80.4%, which are above the required minimum 70%, per California Code of Administrative Regulation, Title 10, Section 2222.12. We have reviewed the assumptions and methods used to arrive at lifetime loss ratio projections and found the assumptions and methods to be reasonable. The Department also retained the services of Axene Health Partners to review the assumptions and methods used by the company to arrive at their lifetime loss ratio estimates. Dave Axene Partners have concurred with our finding.

Ali Zaker-Shahrak, FSA, MAAA, Ph.D.
Senior Life Actuary
California Department of Insurance

November 24, 2010



Axene Health Partners, LLC
Health Actuaries & Consultants
www.axenehp.com

John F. Fritz, FSA, MAAA
john.fritz@axenehp.com

November 22, 2010

Jay C. Ripps, FSA, MAAA
Chief Health Actuary
California Department of Insurance
45 Fremont Street, 24th Floor
San Francisco, CA 94105

RE: Review of Anthem Rate Filing Dated August 3, 2010

Dear Jay:

We are pleased to submit this report summarizing our review of the August 3, 2010 rate filing (i.e., the October 11, 2010 revision of that filing) submitted by Anthem Blue Cross of California (i.e., Anthem) to the California Department of Insurance (i.e., the Department). The Department has retained Axene Health Partners (i.e., AHP) to review this 2010 Anthem individual health insurance rate filing for new business issues. This filing must now comply with both the Federal Health Care Reform (i.e., PPACA) changes that became effective as of September 23, 2010, and the California 70% minimum lifetime loss ratio requirement.

Scope of Work

The scope of this project was to conduct a complete review of the new filing to ensure its consistency with the previously reviewed 2010 rate filings. However, it was the Department's request that we pay particular attention to components of the rate that are not directly attributable to PPACA since previous Department communication with Anthem had resulted in agreement regarding the rate increases for PPACA required changes.

The purpose of our review is to determine whether:

- Anthem relies on appropriate actuarial assumptions and uses mathematically sound calculations, and
- Based on these appropriate assumptions, Anthem's rates meet the minimum 70% lifetime loss ratio requirement.

The following tasks outline the scope of our review:

- Evaluate all key actuarial assumptions applicable to Anthem's filing, including all key actuarial assumptions used to prepare its rate filing
- Validate Anthem's calculations to determine appropriateness and accuracy
- Test rates for compliance with Department's loss ratio requirements
- Specify elements included in loss ratio calculation
- Review correspondence between the Department and Anthem regarding rates and rate filings
- Review data provided to the Department by Anthem regarding rates, rate filings and rate increases
- Develop list of information (if any) needed from Anthem and obtain requested information
- Provide oral reports to the Department, as necessary or requested
- Communicate regularly with the Department regarding project status and interim findings
- Prepare written report for the Department, as directed.

Summary of Findings

Our key findings are summarized here:

- **Prior Claims Trend Experience Used to Project Historical Claims to September 2010:** The normalized 2009 and 2010 trend factors by plan used to project the historical claims costs to current levels are exactly the same as were used in the already validated prior rate filings, except for a relatively immaterial change to the Lumenos non-Maternity plan.
- **Near Term Future Trends:** The starting values for the future trend factors for the near term, before the inclusion of deductible leveraging and the claims index factors for the effects of underwriting selection wear-off, are exactly the same as were used for the already validated earlier rate filings for existing Anthem plans. This resulted in the use of a 16.8% projected claims trend before the addition of deductible leveraging and the recognition of underwriting wear-off. This trend is consistent with the 8.9% annual claims trend Anthem has observed in its group health trends.
- **Deductible Leveraging Factors:** The deductible leveraging factors used for this filing are consistent with the previously used factors with respect

to individual plans. This filing has somewhat higher deductible leveraging factors on average for the SmartSense plan grouping. This was a result of a continual trend toward higher deductibles not a change in factors. As a result, somewhat different deductible plans were assumed in the existing business and the assumption of a uniform distribution of deductibles used for the calculation of the new weighted average leveraging factors. Differences occurred from a different mix of plan deductibles.

- **Claims Index Factors:** All of the plans in this filing used the same claims index factors as were previously used for 2010 rate filings, except for Lumenos Non-Maternity. However, the change for the latter case had only minimal impact on the LLR calculation.
- **Premium Trends and Starting Premium Rates for LLR Projection:** The calculation of the starting premium rates for the LLR projections consistently followed the approach used in the previous filings, except two new factors were introduced. These were the rate increase due to the required PPACA changes and Target Pricing Adjustment factor. The PPACA increases were not part of the scope of our assignment, as mentioned earlier. The Target Pricing Adjustment is discussed next.
- **Target Pricing Adjustment:** This adjustment factor was not part of the previous rate filings for 2010, since those filings were for already existing plans. According to Anthem one of the main reasons for these adjustments was an attempt to avoid larger near term rate increases in the future. This new approach requires the establishment of active life reserves or their equivalent, since rates are being increased to fund future rate increases. This approach is similar to that used by other carriers in their filings that we have previously reviewed.
- **Lifetime Loss Ratio Projections:** Applying the assumptions discussed above and performing independent LLR projections, all of our projected lifetime loss ratios comply with the regulatory minimum 70% Lifetime Loss Ratio requirement (i.e., they exceed the minimum 70%).
- **Active Life or Rate Stabilization Reserves:** Although the need for a consideration of these types of reserves would have been necessary without the target pricing adjustment, the introduction of the Target Pricing Adjustment factor increases the need for such reserves.

Relationship of Current New Business Rate Filing to Previously Approved 2010 Rate Filings

This current rate filing has requested the approval of new business premium rates for eight (8) distinct benefit plan families:

- Premier Plus
- Lumenos (also referred to as "CDHP") Non-Maternity
- Lumenos (also referred to as "CDHP") With Maternity
- New PPO Share
- SmartSense Plus
- New Tonik 5000
- ClearProtection Plus
- CoreGuard Plus

Lifetime loss ratio (i.e., LLR) projections were performed for each of the above benefit plan families. Some of these benefit plan families may only have one or two plan design variation options (e.g. New Tonik 5000), while some have as many as eight.

For purposes of projecting anticipated future claims costs and trends for these new plans, Anthem first combined these eight plan families into three logical plan groupings so that the prior claims experience and projected claims trends for comparable blocks of already issued and inforce business (i.e. already existing plans) could be used as a starting point for the process of projecting the expected future experience for each of the eight plan families. These combinations are:

- **Existing SmartSense for:** Premier Plus, SmartSense Plus, New Tonik, ClearProtection Plus and CoreGuard Plus
- **Existing PPO Share for:** Lumenos With Maternity and New PPO Share
- **Existing Lumenos Non-Maternity for:** Lumenos Non-Maternity

Based on our analysis, we find this grouping of benefit plans to be reasonable for the purpose of projecting future expected claims costs and trends.

Analysis of Claims Trends and Projected Starting Values for Claims Costs

Claims trend for individual health insurance can be separated into a number of separate components:

- **Underlying claims trend:** This component of trend is defined to be the trend level that excludes other causes of claims cost trend that are attributable to the effects of individual underwriting selection that are generally most visible and pronounced in individual health insurance business and have little or no impact on group health insurance trends. Anthem has separated these "other causes of trend" into three categories:
 - underwriting (or selection) wear-off,
 - deductible leveraging and
 - other adverse selection factors.

A common approach to measuring the "underlying claims cost trend" is to calculate a company's claims experience for stable blocks of group health insurance, which would experience little or none of these "other claims trends." In the case of Anthem, they have estimated their group health insurance claims trend to be 8.9%.

- **Underwriting (or selection) wear-off factors:** Each new individual health insurance policyholder must first undergo an underwriting selection process that determines the insurability of each new applicant. This involves the completion of a health questionnaire by the prospective policyholder and the review of this by underwriting staff. The end result of this underwriting process may be to deny coverage to those deemed to be uninsurable or increase the premium rate above the "standard" level, if an insured is determined to be "substandard."

The impact of this underwriting process on the level of claims for new policyholders is that the average claims costs for the new policyholders will be lower than the average cost of a population that was not underwritten or of the company's average experience for its inforce block of business for a period of time. However, as time passes, the average cost for the remaining policyholders in the block of newly written business increases more rapidly than the average health cost

trend in the general population as the effect of underwriting wears off over time. The remaining policyholders' average health care costs trend towards the mean of a typical non-underwritten population. In addition, there tends to be a disproportionate exodus of the healthier policyholders from the insured population (i.e., the healthier individuals have more options to obtain coverage elsewhere than the sicker individuals).

These factors create a significantly accelerated claims trend especially during the early policy years than would otherwise be experienced in, say, a stable block of group insurance business. To help quantify the impact of underwriting on the level of costs in the first policy year, the ratio of first year costs to average costs might be as low as 50% - 60%. By the tenth policy year, the ratio of the costs in the 10th year to average costs, are often greater than 125%. The underlying trend rate is increased by the impact over ten years of costs increasing from the first year ratio to the 10th year ratio. This has a substantial impact. Anthem's claims index factors, derived from historical claims experience by plan grouping, include the measured impact of both underwriting wear-off by duration as well as the impact of aging of insureds by duration (including the acceleration of increases in attained due to the lapsing of younger insureds).

- **Deductible leveraging:** Individual health insurance benefit plans tend to have higher deductibles and copays than group insurance benefit plans. As a result, trend is not only affected by the normal expectation of health cost inflation but also by the fact that with each passing year, a greater proportion of the policyholders reach and exceed the high deductible amounts. This phenomenon was more fully described in our April 20, 2010 report which summarized our review of Anthem's earlier 2010 rate filings.
- **Other adverse selection factors:** An individual health insurance population is different from a stable group health insurance population in other respects. In individual insurance, each individual policyholder pays the entire premium and has the choice at each time of payment of continuing or discontinuing the coverage. In group insurance, the employer generally pays the majority of the premium and so there is a smaller incentive for the individual employee to discontinue the coverage even when premium rates are increasing.

Termination studies for individual health insurance have shown that the healthier and younger policyholders tend to terminate their coverage at a much higher rate than those in poor health and older policyholders. This phenomenon results in an insured population with a disproportionately high number of unhealthy and older policyholders adding even more to the increase in the claims cost trends.

Validation of 2009 and 2010 leveraged trends by product

Exhibit 1 demonstrates our validation of Anthem's determination of the leveraged trend factors for 2009 and 2010 used in the LLR projections. The box on the left side of the exhibit shows what Anthem had used in their previous 2010 filing, which had been validated in our previous report. The box on the right shows the derivation of the leveraged trend rates for 2009 and 2010 to be 16.8% per year before deductible leveraging and varying from about 20% - 22% by plan family after deductible leveraging. A straight average of these latter trends is about 20.7%, which is still lower than the 21.9% we had independently estimated in our previous report. Also of note is the fact that Anthem had ultimately used trend factors that were somewhat lower than the "rescaled and smoothed trend factors" shown in column (D) of this exhibit (i.e. somewhat lower than indicated from its emerging historical experience). The weighted average trend experienced through December 2009 was 20.8%, yet the previous filing used the results shown in column (E), which had a weighted average of 20.0% as the basis for the LLR projections in their prior filing. These lower trends used for the previous filing are also the basis for the 16.8% trend shown in column (H), which is the starting point for the trend in the current filing. This is illustrated in the table below:

	Previous Filing	Current Filing	Before Deductible Leveraging
SmartSense	19.7%	19.7%	16.8%
Share	21.3%	21.3%	16.8%
Lumenos Non-Mat.	20.5%	20.5%	16.8%
CDI PPO Total	20.0%	N/A	N/A

We also validated the somewhat revised deductible leveraging factors used in this filing, which were the result of using an assumption of a uniform

distribution by deductibles as the basis for the weighted average factors and somewhat different deductible plans.

Exhibit 2 shows three of the components (i.e., underlying trend, other adverse selection and deductible leveraging) of the total trend factors before the addition of the underwriting or selection wear-off and aging effect. The assumed underlying trend factor is Anthem's group health insurance trend of 8.9%, which is defined as the "underlying claims trend" described in the discussion above. Since the trend factor before deductible leveraging in Exhibit 1 is 16.8% (column H), solving for the "other adverse selection" component of the trend results in an estimate of 7.2% for this component for 2010, gradually grading to zero for years 2016 and later in the projections.

We also verified that the underwriting wear-off factors (including aging) or durational claims index factors that were used in the LLR projections were the same as those used in the previous rate filing with the exception of the Lumenos Non-Maternity plan. Anthem explained their rationale for this change and additionally indicated that using the previous factors would have resulted in a slight increase in the projected lifetime loss ratio, thus making this change a non-issue.

Validation of Starting Claims Levels for LLR

The three pages of exhibits labeled "Exhibit 3" summarize the results from our independent validation of Anthem's starting per member per month (i.e., pmpm) claims in the LLR projections. For example, the first exhibit shows the development of the starting pmpm claims at September 2010 for the family of benefit plans (i.e., Premier Plus, SmartSense Plus, New Tonik, ClaeapProtection Plus and CoreGuard Plus) that use the actual base year (i.e., calendar year 2009) claims experience for the existing SmartSense business. First, the weighted average pmpm for 2009 was trended to January 1, 2010 using the unsmoothed annualized trend of 14.4% shown in Exhibit 1 (i.e., column F) and further trended to September 1, 2010 using the smoothed 18.9% also shown in Exhibit 1 (i.e., column G). This is the same approach that was used for the previous 2010 rate filing that has already been validated and documented in our previous report. This adjusted pmpm premium is then further adjusted for the updated plan mix for existing plans as of April 30, 2010 and for the PPACA changes that were effective at September 23, 2010. Finally, this updated base plan premium is adjusted for each of the five plans, first by the claims index factor at the point of policy issue for this family of plans (i.e., .675) and then by the pricing relativity factors for each respective plan. The results of our independent calculations are

shown at the bottom of the first exhibit of Exhibit 3 and confirm Anthem's calculations.

Similar validations were performed for the "Existing Share" and "Existing Lumenos Non-Maternity" plan families. Our independent calculations confirmed the calculated starting point pmpm claims costs for the former. In the case of Lumenos Non-Maternity, our calculations resulted in a slightly higher starting point. However, the effect of this change on the projected LLR is an increase in the LLR from the Anthem's 70.6% to 71.4% and is therefore immaterial in that the LLR is even higher than originally calculated in the filing.

The results shown in Exhibit 3 represent the expected starting pmpm claims costs for policies issued in September 2010. In order to project claims on a calendar year basis as part of the LLR projections, these starting claims levels were then adjusted to reflect claims indexing by duration and applicable trend and other assumptions for each modeled cohort of new sales, aggregated by calendar year.

Analysis of Premium Trends and Projected Starting Values for Premiums

We tested the development of aggregate premium rate assumptions included in the LLR calculations for consistency with the new premium rate tables and their relationship to rates for existing plans. This validation included testing a sampling of rates in the new premium rate tables by age and plan, as well as the assumptions and methodology used to aggregate pmpm premium assumptions for each plan family. As part of our validation process, we also reviewed the general reasonableness of the selection versus benefit components of the total pricing relativity factors by plan used to establish the relative premium and claims levels.

The October 2010 weighted average pmpm premium for an appropriate existing plan was selected as a starting point for each of the above plan groupings for the development of appropriate starting pmpm premiums for each of the new plan families as follows:

- **For Existing SmartSense:** Existing \$1500 Deductible, Generic Pharmacy Benefit SmartSense Plan
- **For Existing Share:** Existing \$2,500 Deductible Share Plan
- **For Existing Lumenos Non-Maternity:** Existing \$5,000 Deductible Lumenos Non-Maternity Plan

Exhibit 4 shows that these weighted average premium rates are \$142.11, \$146.66 and \$368.87, respectively. We validated these to be correct.

The rates were then adjusted by weighted-average pricing relativity factors, rating tier (i.e., recognizing that some business is written at substandard premium rates) factors and geographic area factors. The results are \$162.60, \$177.38 and \$267.61, respectively, as shown in the exhibit as validated.

An additional adjustment was made to make the premium rates consistent with the adjustments made because of the claims index adjustments for the anticipated attained age distribution differences between the existing base plan membership business for in-force business and the anticipated attained age distribution of new business issues. This changed the three base premium rates to \$165.98, \$184.31 and \$224.63, respectively, and was validated as appropriate.

There were two final adjustments to the three base rates. One was for the addition of the PPACA benefit changes. The second was an adjustment to premium rates in an attempt to moderate anticipated near term future premium increases but also to consider the competitiveness of the new products as well as to ensure that the regulatory 70% minimum lifetime loss ratio requirement was achieved. These adjustments are shown near the middle of Exhibit 4 and resulted in base rates of \$221.84, \$248.38 and \$323.85, respectively. These were also validated as appropriate.

Finally, the three base plan rates were adjusted to beginning pmpm premium rates for new business written during October 2010. The base rates were adjusted using appropriate pricing relativity and premium index factors. It should be noted that the premium index factors were the same as those used in Anthem's previous 2010 filings that had already been incorporated in our previous reviews. While our summarized calculation sequence outlined in Exhibit 4 does not exactly align with Anthem's pmpm premium calculation sequence, our final calculated results were consistent with theirs, thus validating these final results.

We also validated that the premium rates described above were then correctly incorporated into the starting 2010 premium rates of the LLR projections.

Validation of Other Key Assumptions

We performed other testing and validation of consistency and/or reasonableness of other assumptions used for the lifetime loss ratio projections for this filing in

comparison to the comparable assumptions used in the prior rate filings for 2010, which we had previously validated.

- **Lapse Rates by Plan and Duration:** The lapse rate assumptions were found to be reasonable and consistent with those used in the previous filings.
- **Claims Index Factors by Duration:** Of the three benefit plan family claims index factors, two (i.e., SmartSense and Share) were exactly the same as had been used in previous filings. The factors for Lumenos Non-Maternity were changed somewhat to a lower level in year 1 but ending at a lower point for durations 11 and later. There would be an immaterial effect on the lifetime loss ratio calculation in using the previous index factors, which would raise the total LLR by 0.3%.
- **Premium Index Factors by Duration:** These factors were exactly the same as those used for the previous filings and had been previously validated as appropriate.
- **Discount Rate Used for Present Value Calculations:** This assumption was also the same as was used for the LLR projections in the previous filings.

Validation of Lifetime Loss Ratio (LLR) Projections

The eight pages of Exhibit 5 show our independent calculations of the LLR projections for the eight new business plan families of benefit design variations that make up Anthem's August 3 (rev. 10/11) rate filing, starting with Premier Plus on the first page of the exhibit. The various assumptions discussed in the above sections of this report were incorporated appropriately on a monthly, quarterly or calendar year basis, as applicable, for these projections. Exhibit 5 summarizes the results of the monthly LLR modeling rolled up to summarized calendar year results. Component detail is shown for the most important of the assumptions, the projected annual increases in premium and claims cost increases over the 16-year projection period. For example, the total annual claims cost increases are shown as being made up of an aging, underwriting wear-off and "other" component.

The models assume that the "Other" component of the premium rate increase will occur in the form of a quarterly rate increases to the new business premium rate of 2.6% (i.e. 1.108 raised to the 4th power minus 1) during the first 13 months of the projection period for Premier. It is assumed that this rate increase will become effective at the beginning of each new quarter for new business issues only. Once a policy is in-force, the 10.8% increase would occur on policy

anniversaries. If the 10.8% rate increase, even for new business written in subsequent quarters, was assumed to occur only on policy anniversaries, the projected total LLR would be somewhat higher than is shown in the projections. Anthem plans to regularly file for such quarterly new business rate increases, rather than request these as an automatic part of this filing. Thus the impact of such quarterly rate filing increases is already factored into the LLR projections. However, the aging portion of the rate increase occurs on a monthly basis in the projections, as the premium index factors increase with each passing month, which is a logical approach and was also used in the previous filing..

These LLR projections are for new business to be written in the future. Therefore, there are only future lifetime loss ratios to be considered in determining the compliance with the regulatory lifetime loss ratio requirements. With the exception of Lumenos non-maternity, all of our independent LLR projections have the same LLR result as shown in the following table.

Summary of Lifetime Loss Ratio Results		
Anthem vs. AHP Independent Calculations		
Plan	Total Lifetime Loss Ratio Calc.	
Family	Anthem	AHP
Premier	70.6%	70.6%
SmartSense	70.5%	70.5%
CoreGuard	71.1%	71.1%
ClearProtection	70.7%	70.7%
Tonik	70.9%	70.9%
Lumenos Non-M	70.6%	71.4%
PPO Share	78.7%	78.7%
Lumenos Mat	80.4%	80.4%

With the exception of two plan categories, all of the other plan categories have LLRs that are extremely close to 70%. The initial rate filing we reviewed has substantially higher LLRs. The shift to lower LLRs has contributed to rate increases above and beyond that would have occurred had the LLRs been maintained at the higher levels. At the current time, the California LLR requirement is less than that required in the future under the federal health care reform regulations. We would expect that the California regulations will be adjusted to match that included in the federal regulations. At the point in time new California regulations are established the current loss ratios will no longer be in compliance. Anthem has selected an approach that results in higher rates that may eventually need to be reduced and/or increased less when the new

California regulations are instituted. This approach combined with the target rate adjustment previously discussed is a very conservative approach with higher rates than necessary although not out of compliance with the Department's current regulations.

Active Life or Premium Stabilization Reserves

The issue of active life reserves and/or premium stabilization reserves arises in cases where the claims cost assumption used in determining the initial premium rates (i.e., premium rates charged in early policy years) are expected to be greater than the anticipated cost of insurance in those same early policy durations. The claims cost assumption in the premium rates is usually based upon the average of policyholders in multiple durations since the same rate is used for all policyholders at a specific age. In early policy durations, the claims costs will be less than the average assumption and in later policy durations, the claims costs will be greater than the average. The establishment of such policy reserves has long been an accepted standard of practice for actuaries for individual life insurance and non-cancellable and guaranteed renewable health insurance products. However, for a variety of reasons, few health plans have actually established such reserves. It is our professional opinion that such reserves are appropriate and should be established, especially in the situation where average rates are used and individual underwriting is a standard practice resulting in the selection curve.

For this particular filing, all plans are expected to experience such a phenomenon. In fact, one of the criteria used by Anthem in setting its initial new business premium rates included a factor called a "Target Pricing Adjustment" factor. While this may mitigate the need for larger premium rate increases in the near term future, it also exacerbates the problem described above where the claims cost assumption built into early policy year premiums will be greater than needed to pay for claims costs.

Therefore, we recommend that Anthem determine an appropriate basis to properly reserve for this contingency for these new products with a target of having this basis approved and in place prior to the end of the calendar year. Other publicly traded companies have expressed a concern about using a strict active life reserve concept and suggested an alternate approach using premium stabilization reserves. As long as the establishment of such reserves accomplishes the same objective we have no professional objection to using a different term to describe this process.

Allocation of Rate Increase

We have analyzed the effective rate increases to allocate the primary cause of the rate differentials. Exhibit 6 presents the results of this analysis for four distinct plans:

- New SmartSense Plus Std Rx \$2000
- New Luminos/CDHP NonMat \$1500
- New Share \$5000
- New Luminos/CDHP NonMat \$4500 (Single)

On each of these exhibits, the box at the bottom left of each Exhibit presents the allocation of the effective rate increase in each of the following categories:

- Preventive
- GI of Kids
- Preventive + Kids
- Adjustment to Target Pricing

The following table presents these results:

Category	New SmartSense Plus Std Rx \$2000	New Luminos/CDHP NonMat \$1500	New Share \$5000	New Luminos/CDHP NonMat \$4500
Preventive	8.5%	1.2%	5.4%	1.2%
GI of Kids	3.5%	2.7%	0.3%	2.7%
Preventive + Kids	12.1%	3.9%	5.8%	3.9%
Adj. to Target Pricing	19.3%	29.7%	37.5%	29.7%
Total	33.6%	34.8%	45.4%	34.8%

The largest adjustment is tied directly to the adjustment in target pricing. As stated earlier, the rationale to make the target pricing adjustment is to reduced future rate increases. This requires the establishment of active life reserves which Anthem has agreed in principle to do per discussions with the Department.

Summary

In summary, it is our professional opinion that this rate filing meets the requirements of the Department's minimum 70% lifetime loss ratio. With the exception of PPO Share and Lumenos Mat, all of the projected LLRs are very close to 70%. If key assumptions have any element of conservatism built into

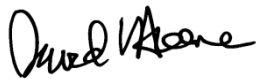
Jay C. Ripps, FSA, MAAA
November 22, 2010
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them once actual results emerge, the lifetime loss ratio could be less than 70%. Our review of these assumptions concluded they were reasonable and without any unreasonable amount of conservatism.

Sincerely,

A handwritten signature in black ink, appearing to read "John F. Fritz".

John F. Fritz, FSA, MAAA, FCA
Consulting Actuary

A handwritten signature in black ink, appearing to read "David V. Axene".

David V. Axene, FSA, FCA, CERA, MAAA
Consulting Actuary

Cc: Adam Cole, DOI
Ali Zaker-Shahrak, DOI
David J. Bohmfalk, FSA (Axene Health Partners)

Exhibit 1
Trend Assumptions Incorporated into LLR Projections
Product-Specific Trends (excluding Claims Dur. & Plan Mix)

Trends Included in Previous 2010 Filing (per Exper Inc'd thru 12/09, Paid thru 3/10)				
2009 Unsmoothed Trend (Used to Trend from CY2009 to 1/2010)		Smoothed Trend Assumptions (used to Trend during 2010) (from Jan-Sept-2010)		
Anthem Nzd Trend Study (A)	AHP Indep Estim also Nzd for Seas. (B)	Ded. Levg. Factors (used to smooth) (C)	Rescaled Trend (Smoothed) per Inc'd thru 12/09 (D)	Anthemn Recomm. CY2010 Trend for Prior Filing (E)
SmartS	14.4%	18.8%	1.125	19.7%
Share (CDI)	34.7%	34.4%	1.269	22.2%
CDHPNoM	13.0%	19.5%	1.221	21.4%
CDI PPO Total	20.8%	21.9%	1.19	20.8%

Updated Assumptions used for Current (8/3/10) Filing					
Existing Plans		Future 2010 Trend for New Plans (from Sept-2010 forward) (Before Elimination of Adverse Selection Trend)			
2009 Anthem Actual Unsmoothed Trend (from CY09 to Jan'10 (F)	2010 Trend Smoothed Trend (from Jan'10 to Sept'10) (G)	New Plan Family	U/L Trend incl. adv sel before Ded Leveraging (H) = G / C	Deduct. Leveraging factor for New Plan Specific Deductibles (J)	Leveraged Plan-Specific Trend for New Plans (K) = H * J
14.4%	18.9%	SmartSense	16.8%	1.198	20.1%
34.7%	21.3%	PPO Share	16.8%	1.203	20.2%
4.8% *	20.5%	CDHP-NonM	16.8%	1.266	21.3%
		Tonik Med	16.8%	1.273	21.4%
		CDHP Mat	16.8%	1.305	21.9%
		Premier	16.8%	1.209	20.3%
		CoreG	16.8%	1.225	20.6%
		ClearP	16.8%	1.194	20.1%

* Revised from current rate filing

Exhibit 2
Summary of Claims and Premium Trend Assumptions
(excluding Add'l Impacts of Claims & Premium Indexing by Duration)

Clms Trend excluding Clms Index								Premium Increases							
Underlying Group Claims Trend	Indiv. PPO Anti-Selection	Claims Trend for CDI PPO (1)	Ded Lev. Factors x Trend	Lever-aged Claims Trend	Annual Prem Rate Incr	Qtrly Prem Rate Incr		Underlying Group Claims Trend	Indiv. PPO Anti-Selection	Claims Trend for CDI PPO (1)	Ded Lev. Factors x Trend	Lever-aged Claims Trend	Annual Prem Rate Incr	Qtrly Prem Rate Incr	
Premier								Tonik Med							
2010	8.9%	7.2%	16.8%	1.209	20.3%	10.8%	2.6%	2010	8.9%	7.2%	16.8%	1.273	21.4%	11.4%	2.7%
2011	8.9%	6.0%	15.5%	1.209	18.7%	10.8%	2.6%	2011	8.9%	6.0%	15.5%	1.273	19.7%	11.4%	2.7%
2012	8.9%	4.8%	14.2%	1.209	17.1%	10.8%	2.6%	2012	8.9%	4.8%	14.2%	1.273	18.1%	11.4%	2.7%
2013	8.9%	3.6%	12.9%	1.209	15.6%	10.8%	2.6%	2013	8.9%	3.6%	12.9%	1.273	16.4%	11.4%	2.7%
2014	8.9%	2.4%	11.5%	1.209	14.0%	10.8%	2.6%	2014	8.9%	2.4%	11.5%	1.273	14.7%	11.4%	2.7%
2015	8.9%	1.2%	10.2%	1.209	12.4%	10.8%	2.6%	2015	8.9%	1.2%	10.2%	1.273	13.0%	11.4%	2.7%
2016	8.9%	0.0%	8.9%	1.209	10.8%	10.8%	2.6%	2016	8.9%	0.0%	8.9%	1.273	11.4%	11.4%	2.7%
2017+	8.9%	0.0%	8.9%	1.209	10.8%	10.8%	2.6%	2017+	8.9%	0.0%	8.9%	1.273	11.4%	11.4%	2.7%
SmartSense								CDHP-NonM							
2010	8.9%	7.2%	16.8%	1.198	20.1%	10.7%	2.6%	2010	8.9%	7.2%	16.8%	1.266	21.3%	11.3%	2.7%
2011	8.9%	6.0%	15.5%	1.198	18.6%	10.7%	2.6%	2011	8.9%	6.0%	15.5%	1.266	19.6%	11.3%	2.7%
2012	8.9%	4.8%	14.2%	1.198	17.0%	10.7%	2.6%	2012	8.9%	4.8%	14.2%	1.266	18.0%	11.3%	2.7%
2013	8.9%	3.6%	12.9%	1.198	15.4%	10.7%	2.6%	2013	8.9%	3.6%	12.9%	1.266	16.3%	11.3%	2.7%
2014	8.9%	2.4%	11.5%	1.198	13.8%	10.7%	2.6%	2014	8.9%	2.4%	11.5%	1.266	14.6%	11.3%	2.7%
2015	8.9%	1.2%	10.2%	1.198	12.3%	10.7%	2.6%	2015	8.9%	1.2%	10.2%	1.266	13.0%	11.3%	2.7%
2016	8.9%	0.0%	8.9%	1.198	10.7%	10.7%	2.6%	2016	8.9%	0.0%	8.9%	1.266	11.3%	11.3%	2.7%
2017+	8.9%	0.0%	8.9%	1.198	10.7%	10.7%	2.6%	2017+	8.9%	0.0%	8.9%	1.266	11.3%	11.3%	2.7%
CoreGuard								PPO Share							
2010	8.9%	7.2%	16.8%	1.225	20.6%	10.9%	2.6%	2010	8.9%	7.2%	16.8%	1.203	20.2%	10.7%	2.6%
2011	8.9%	6.0%	15.5%	1.225	19.0%	10.9%	2.6%	2011	8.9%	6.0%	15.5%	1.203	18.6%	10.7%	2.6%
2012	8.9%	4.8%	14.2%	1.225	17.4%	10.9%	2.6%	2012	8.9%	4.8%	14.2%	1.203	17.1%	10.7%	2.6%
2013	8.9%	3.6%	12.9%	1.225	15.8%	10.9%	2.6%	2013	8.9%	3.6%	12.9%	1.203	15.5%	10.7%	2.6%
2014	8.9%	2.4%	11.5%	1.225	14.1%	10.9%	2.6%	2014	8.9%	2.4%	11.5%	1.203	13.9%	10.7%	2.6%
2015	8.9%	1.2%	10.2%	1.225	12.5%	10.9%	2.6%	2015	8.9%	1.2%	10.2%	1.203	12.3%	10.7%	2.6%
2016	8.9%	0.0%	8.9%	1.225	10.9%	10.9%	2.6%	2016	8.9%	0.0%	8.9%	1.203	10.7%	10.7%	2.6%
2017+	8.9%	0.0%	8.9%	1.225	10.9%	10.9%	2.6%	2017+	8.9%	0.0%	8.9%	1.203	10.7%	10.7%	2.6%
ClearProtection								CDHP Matern							
2010	8.9%	7.2%	16.8%	1.194	20.1%	10.7%	2.6%	2010	8.9%	7.2%	16.8%	1.305	21.9%	11.6%	2.8%
2011	8.9%	6.0%	15.5%	1.194	18.5%	10.7%	2.6%	2011	8.9%	6.0%	15.5%	1.305	20.2%	11.6%	2.8%
2012	8.9%	4.8%	14.2%	1.194	16.9%	10.7%	2.6%	2012	8.9%	4.8%	14.2%	1.305	18.5%	11.6%	2.8%
2013	8.9%	3.6%	12.9%	1.194	15.4%	10.7%	2.6%	2013	8.9%	3.6%	12.9%	1.305	16.8%	11.6%	2.8%
2014	8.9%	2.4%	11.5%	1.194	13.8%	10.7%	2.6%	2014	8.9%	2.4%	11.5%	1.305	15.1%	11.6%	2.8%
2015	8.9%	1.2%	10.2%	1.194	12.2%	10.7%	2.6%	2015	8.9%	1.2%	10.2%	1.305	13.4%	11.6%	2.8%
2016	8.9%	0.0%	8.9%	1.194	10.7%	10.7%	2.6%	2016	8.9%	0.0%	8.9%	1.305	11.6%	11.6%	2.8%
2017+	8.9%	0.0%	8.9%	1.194	10.7%	10.7%	2.6%	2017+	8.9%	0.0%	8.9%	1.305	11.6%	11.6%	2.8%

(1) Claims trends are based on same data as prior 2010 filing; however, the Ded Leverag. factors for new plans reflect the applicable deductibles of new plans.

**Development of Sept-2010 De-seasonalized Claims PMPM at Duration-1 Claims Index
(Starting Claims PMPM for LLR projections)
per AHP Independent Analysis**

Base Plan Experience: SmartSense

						Clms	Plan	Clms	Season-	HCR	Norm'zd
<u>SmartSense</u>			Mbr Mos	Prem	Inc'd Clms	PMPM	Mix	Dur	ality	Adj.	Claims
Existing SS Plans	Jan-09	112,044	\$12,657,263	\$8,335,041	74.39	0.991	0.862	0.915	1.000	95.25	
	Feb-09	120,207	\$13,608,490	\$8,374,860	69.67	0.989	0.870	0.820	1.000	98.71	
	Mar-09	131,488	\$15,148,342	\$11,287,839	85.85	0.981	0.864	0.971	1.000	104.33	
	Apr-09	138,395	\$16,458,778	\$9,902,793	71.55	0.973	0.867	0.934	1.000	90.76	
	May-09	143,467	\$17,423,939	\$11,490,849	80.09	0.968	0.876	0.959	1.000	98.52	
	Jun-09	147,379	\$18,237,652	\$12,412,109	84.22	0.963	0.881	1.012	1.000	98.04	
	Jul-09	152,616	\$19,220,441	\$11,821,879	77.46	0.957	0.886	1.069	1.000	85.44	
	Aug-09	158,415	\$20,253,678	\$11,524,092	72.75	0.952	0.890	0.981	1.000	87.46	
	Sep-09	164,212	\$21,145,717	\$13,404,095	81.63	0.948	0.892	1.007	1.000	95.93	
	Oct-09	169,843	\$21,999,378	\$15,790,742	92.97	0.944	0.896	1.126	1.000	97.66	
	Nov-09	174,735	\$22,791,998	\$16,555,620	94.75	0.941	0.900	1.067	1.000	104.82	
	Dec-09	178,060	\$23,415,354	\$16,222,984	91.11	0.938	0.906	1.138	1.000	94.24	
Wtd Avg:		7/15/09				82.15					95.89
Trend to:		Jan-10	2009 UnSmoothed Trend:			14.4%	Trend Mos:		6.1		102.62
Trend to:		Sep-10	2010 Smoothed Trend:			18.9%	Trend Mos:		8.0		115.15
New SS	Adjustment Factors for:										
	Updated Plan-Mix for Existing Plans (as of 4/30, consistent w/ Premiums)									0.926	
	Pricing Relativity: Ratio of New SS Benefit Plans to Existing (applied below by Plan for LLRs)									1.000	
	Adjustment for HCR benefit changes:									1.121	
	Total									1.038	
	Existing Base PMPM (Sept-2010), Normalized for Seas & Dur, before applying New Plan Pricing Relativities									119.53	
	Sept-2010 Starting Claims PMPM for LLRs by New Plan Family (before seasonality; before pricing relativities)										
		Existing	Starting	Existing	Pricing	Sept-2010					
		SS	New Plan	Base PMPM	Relativity	Starting					
		Base	Clms Index	Adj to	(Ratio to)	Clms PMPM					
	<u>New Plan</u>	<u>PMPM</u>	<u>(Dur=1mo)</u>	<u>Dur = 1mo</u>	<u>Existing SS</u>	<u>(before Seas.)</u>					
	Premier	119.53	0.675	80.62	1.011	81.55					
	SmartSense	119.53	0.675	80.62	0.840	67.71					
	CoreGuard	119.53	0.675	80.62	0.595	47.97					
	ClearProtection	119.53	0.675	80.62	0.532	42.88					
	Tonik	119.53	0.675	80.62	0.703	56.67					

Notes:

- 1) Data used is per updated Trend Study data used in prior 2010 filing (based on claims inc'd through Feb'10, Pd thru Mar'10, consistent w/ corresponding updated LLR calculation data in prior 2010 filing)
- 2) Consistent with premiums, the new base-plan-family claims pmpms (Sept-2010) are based on same mix by rating area, rating tier and demographic mix as the Existing base plan as of 4/30/10 (except for Duration/Index adjustments).

**Development of Sept-2010 De-seasonalized Claims PMPM at Duration-1 Claims Index
(Starting Claims PMPM for LLR projections)
per AHP Independent Analysis**

Base Plan Experience: PPO Share

PPO Share		Mbr Mos	Prem	Inc'd Clms	Clms PMPM	Plan Mix	Clms Dur	Season-ality	HCR Adj.	Norm'zd Claims PMPM
Existing PPO Share	Jan-09	116,446	\$21,264,549	\$14,492,574	124.46	0.869	1.214	0.883	1.000	133.61
	Feb-09	116,600	\$21,352,557	\$15,227,889	130.60	0.869	1.209	0.797	1.000	155.97
	Mar-09	112,362	\$23,370,769	\$16,444,454	146.35	0.869	1.197	0.950	1.000	148.20
	Apr-09	108,097	\$23,718,229	\$16,609,858	153.66	0.869	1.195	0.919	1.000	161.06
	May-09	105,782	\$23,427,855	\$17,447,174	164.93	0.869	1.196	0.950	1.000	167.06
	Jun-09	104,002	\$23,104,413	\$18,958,571	182.29	0.869	1.202	1.009	1.000	173.07
	Jul-09	102,560	\$22,801,557	\$21,220,742	206.91	0.868	1.207	1.072	1.000	184.25
	Aug-09	101,191	\$22,497,734	\$18,951,999	187.29	0.868	1.212	0.989	1.000	179.88
	Sep-09	100,081	\$22,259,678	\$17,420,359	174.06	0.868	1.222	1.020	1.000	160.79
	Oct-09	98,864	\$22,010,228	\$19,621,208	198.47	0.868	1.227	1.147	1.000	162.35
	Nov-09	97,987	\$21,818,821	\$19,061,600	194.53	0.868	1.231	1.093	1.000	166.54
	Dec-09	97,253	\$21,663,549	\$22,430,651	230.64	0.868	1.232	1.171	1.000	184.16
	Wtd Avg:		6/25/09	172.76			164.09			
Trend to:		Jan-10	2009 UnSmoothed Trend:		34.7%	Trend Mos:		6.7	193.93	
Trend to:		Sep-10	2010 Smoothed Trend:		21.3%	Trend Mos:		8.0	220.54	
New Share	Adjustment Factors for:									
	Updated Plan-Mix for Existing Plans (as of 4/30, consistent w/ Premiums)								0.869	
	Pricing Relativity: Ratio of New Share Benefit Plans to Existing (applied below by Plan for LLRs)								1.000	
	Adjustment for HCR benefit changes:								1.058	
	Total								0.919	
	Existing Base PMPM (Sept-2010), Normalized for Seas & Dur, before applying New Plan Pricing Relativities								202.72	
	Sept-2010 Starting Claims PMPM for LLRs by New Plan Family (before seasonality; before pricing relativities)									
		Existing SS	Starting New Plan Base	Existing Base PMPM	Pricing Relativity (Ratio to)	Sept-2010 Starting Clms PMPM				
		<u>New Plan PMPM</u>	<u>Clms Index (Dur=1mo)</u>	<u>Adj to Dur = 1mo</u>	<u>Existing SS</u>	<u>(before Seas.)</u>				
		PPO Share	202.72	0.604	122.48	1.426	174.61			
	CDHP Mat 5000	202.72	0.604	122.48	0.943	115.51				

Notes:

- 1) Data used is per updated Trend Study data used in prior 2010 filing (based on claims inc'd through Feb'10, Pd thru Mar'10, consistent w/ corresponding updated LLR calculation data in prior 2010 filing)
- 2) Consistent with premiums, the new base-plan-family claims pmpms (Sept-2010) are based on same mix by rating area, rating tier and demographic mix as the Existing base plan as of 4/30/10 (except for Duration/Index adjustments).

**Development of Sept-2010 De-seasonalized Claims PMPM at Duration-1 Claims Index
(Starting Claims PMPM for LLR projections)
per AHP Independent Verification**

Base Plan Experience: CDHP NonMat

CDHP NonMat		Mbr Mos	Prem	Inc'd Clms	Clms PMPM	Plan Mix	Clms Dur	Season-ality	HCR Adj.	Norm'zd Claims PMPM
Existing CDHP NonMat	Jan-09	10,883	\$1,441,166	\$534,994	49.16	0.915	0.693	0.790	1.000	98.13
	Feb-09	11,864	\$1,572,887	\$539,015	45.43	0.916	0.711	0.730	1.000	95.54
	Mar-09	13,791	\$1,838,403	\$798,817	57.92	0.913	0.701	0.888	1.000	101.95
	Apr-09	14,974	\$2,054,826	\$1,057,655	70.63	0.912	0.707	0.878	1.000	124.90
	May-09	15,979	\$2,222,574	\$1,219,374	76.31	0.911	0.719	0.925	1.000	125.98
	Jun-09	16,837	\$2,369,352	\$1,446,301	85.90	0.911	0.734	1.000	1.000	128.60
	Jul-09	17,864	\$2,539,236	\$1,299,835	72.76	0.910	0.744	1.079	1.000	99.68
	Aug-09	18,934	\$2,718,974	\$1,669,586	88.18	0.909	0.752	1.012	1.000	127.40
	Sep-09	19,827	\$2,859,662	\$1,651,442	83.29	0.908	0.766	1.060	1.000	112.95
	Oct-09	20,759	\$3,000,684	\$2,612,845	125.87	0.907	0.777	1.208	1.000	147.73
	Nov-09	21,494	\$3,121,457	\$2,226,220	103.57	0.907	0.789	1.166	1.000	124.06
	Dec-09	22,164	\$3,239,019	\$2,679,652	120.90	0.906	0.801	1.265	1.000	131.66
Wtd Avg: 7/23/09					86.36					120.46
Trend to: Jan-10			2009 UnSmoothed Trend:	4.8%		Trend Mos:	5.8			123.25
Trend to: Sep-10			2010 Smoothed Trend:	20.5%		Trend Mos:	8.0			139.55
New CDHP NonMat	Adjustment Factors for:									
	Updated Plan-Mix for Existing Plans (as of 4/30, consistent w/ Premiums)							AHP Modified>>	0.901	
	Pricing Relativity: Ratio of New CDHP Benefit Plans to Existing (applied below by Plan for LLRs)								1.000	
	Adjustment for HCR benefit changes:								<u>1.039</u>	
	Total								0.936	
	Existing Base PMPM (Sept-2010), Normalized for Seas & Dur, before applying New Plan Pricing Relativities									130.64
	Sept-2010 Starting Claims PMPM for LLRs by New Plan Family (before seasonality; before pricing relativities)									
		Existing SS	Starting New Plan	Existing Base PMPM	Pricing Relativity	Sept-2010 Starting				
		Base PMPM	Clms Index (Dur=1mo)	Adj to Dur = 1mo	(Ratio to Existing SS)	Clms PMPM (before Seas.)				
	New Plan CDHP NonMat	130.64	0.471	61.57	1.010	62.18				

Notes:

- 1) Data used is per updated Trend Study data used in prior 2010 filing (based on claims inc'd through Feb'10, Pd thru Mar'10, consistent w/ corresponding updated LLR calculation data in prior 2010 filing)
- 2) Consistent with premiums, the new base-plan-family claims pmpms (Sept-2010) are based on same mix by rating area, rating tier and demographic mix as the Existing base plan as of 4/30/10 (except for Duration/Index adjustments).
- 3) Includes revised Clms Duration factors for normalization, pursuant to discussions w/ Anthem & revised calculations.
- 4) Includes AHP modified Plan-mix factor for existing plans of 0.901 in lieu of 0.893 factor (as of 4/30)

Exhibit 4
Summary of Premium Starting Points for LLRs per AHP Independent Validation

	Non-CDHP, Non-Matern			CDHP-NonMat			Maternity		
Existing Base Plan Applic Existing Base Plan-Family	Existing SS GenRx 1500 <i>Total SS</i>			Existing CDHP NonM 5000 <i>Total CDHP-NonM</i>			Existing Share 2500 <i>Total Share</i>		
Prem PMPM for Oct-2010 New Sales, for total Base Plan-Family: (based on demographic rating factors per total existing base plan-family mbrship (as of 4/30/10; consistent w/ factors for claims)									
Applic Total Existing Plan Family Mbrship, 4/30/10	198006			26653			80201		
Oct-2010 wtd avg Prem PMPM per Existing Base Plan rate table	142.11			146.66			368.87		
Pricing Relativity: Ratio of Total-Plan-Family to Base Plan	1.095			1.128			0.697		
Wtd Avg Rating Tier Factor	1.056			1.057			1.030		
Wtd Avg Area Factor	<u>0.989</u>			<u>1.014</u>			<u>1.010</u>		
Proj Oct-2010 Prem PMPM for New Sales, Existing Plan Family (before Adj.)	162.60			177.38			267.61		
Add'l Adj for Prem Index (attained age) paralleling Adj for Clms Index (Att.Age + U/W), to adj. for avg Att.Age for N.Sales vs inforce).									
Avg Prem Index (Att.Age) per existing base plan-family mbrshp	0.980			0.962			1.191		
Nzd (P.I.=1.000) Oct-2010 Prem PMPM for N.Sales, before pricing relativities	165.98			184.31			224.63		
Adj for Prem Index (Att. Age) of New Sales: <i>Applied below for LLR models</i>									
Additional Adjustments included for Pricing of New Plans									
Adj for HCR	1.121			1.039			1.058		
Adj for Tgt Pricing	1.193			1.297			1.375		
Adj for lower final Prems for CDHP-Mat vs Tgt (N'zn factor)							0.991		
Proj Oct-2010 Prem PMPM for New Sales before New Plan Pricing Relativities	221.84			248.38			323.85		
x Pricing Relativity: Ratio of New-to-Existing Benefit Plan-Families => Oct-2010 Prem PMPM for N.Sales, Nzd to Prem Index =1.000									
		<u>Relativity</u>	<u>PMPM</u>		<u>Relativity</u>			<u>Relativity</u>	<u>PMPM</u>
Premier		1.011	224.38	CDHP NonM	1.010	250.82	Share	1.426	461.67
SmartS		0.840	186.32				CDHP-Mat	0.943	305.40
CoreG		0.595	131.99						
ClearP		0.532	117.97						
Tonik *		0.703	155.94						
		<u>Prem Index</u>			<u>Prem Index</u>			<u>Prem Index</u>	
		<u>Dur=1mo</u>	<u>PMPM</u>		<u>Dur=1mo</u>	<u>PMPM</u>		<u>Dur=1mo</u>	<u>PMPM</u>
Proj Starting Oct-2010 Prem PMPM for N.Sales, including Prem Index (adjusted to Durational Att.Age factors (Prem Index) in LLR)									
Premier		0.945	212.14	CDHP NonM	0.912	228.82	Share	0.901	416.15
SmartS		0.945	176.15				CDHP-Mat	0.901	275.29
CoreG		0.945	124.78						
ClearP		0.945	111.53						
Tonik *		0.945	147.43						

* Tonik medical, prior to Dent/Vis, for incorporation into LLR models

Exhibit 5
Analysis of Lifetime Loss Ratio (LLR) - AHP Indep Projections
Roll-Up of Monthly Projections to Totals by Year

Year	Mbr Months	Relative Index for:			Annual Undiscounted Amts			Increase Over Prior Year (Expressed as Ratio)								APV of Annual Amts (\$000s)		Cumulative LR's (APV Basis)	
		Prem	Claims	U/W	Prem	Claims	Loss	Premium PMPM			Claims PMPM					Premium	Claims	Future	Lifetime
		(Aging)	(A+UW)	(Durat.)	PMPM	PMPM	Ratio	Aging	Other	Total	Aging	U/W	Other	Total					
2010	26476	0.945	0.679	0.718	212.14	94.66	44.6%									5,593	2,491	44.5%	44.5%
2011	345559	0.957	0.833	0.870	222.73	120.92	54.3%	1.012	1.037	1.050	1.012	1.211	1.042	1.277		74,492	40,297	53.4%	53.4%
2012	296549	0.994	0.993	0.999	250.35	161.50	64.5%	1.038	1.083	1.124	1.038	1.148	1.120	1.336		69,172	44,494	58.5%	58.5%
2013	180354	1.049	1.064	1.014	293.11	202.00	68.9%	1.056	1.109	1.171	1.056	1.015	1.167	1.251		47,203	32,438	60.9%	60.9%
2014	116681	1.109	1.162	1.047	343.37	253.37	73.8%	1.057	1.108	1.171	1.057	1.033	1.149	1.254		34,294	25,232	62.8%	62.8%
2015	77002	1.181	1.313	1.111	405.16	324.30	80.0%	1.065	1.108	1.180	1.065	1.061	1.133	1.280		25,600	20,431	64.5%	64.5%
2016	50900	1.274	1.539	1.207	484.22	424.00	87.6%	1.079	1.108	1.195	1.079	1.086	1.116	1.307		19,386	16,925	66.1%	66.1%
2017	34712	1.376	1.752	1.273	579.64	534.89	92.3%	1.080	1.108	1.197	1.080	1.054	1.108	1.262		15,170	13,960	67.5%	67.5%
2018	24755	1.466	1.837	1.254	683.88	620.18	90.7%	1.065	1.108	1.180	1.065	0.985	1.106	1.159		12,237	11,069	68.4%	68.4%
2019	17724	1.512	1.874	1.240	781.33	700.80	89.7%	1.032	1.108	1.142	1.032	0.989	1.108	1.130		9,598	8,586	69.0%	69.0%
2020	12691	1.543	1.912	1.240	883.25	792.26	89.7%	1.020	1.108	1.130	1.020	1.000	1.108	1.131		7,447	6,662	69.5%	69.5%
2021	9087	1.584	1.963	1.240	1004.59	901.15	89.7%	1.027	1.108	1.137	1.027	1.000	1.108	1.137		5,814	5,201	69.9%	69.9%
2022	6506	1.598	1.981	1.240	1122.47	1006.35	89.7%	1.009	1.108	1.117	1.009	1.000	1.107	1.117		4,460	3,988	70.1%	70.1%
2023	4658	1.598	1.981	1.240	1243.51	1114.87	89.7%	1.000	1.108	1.108	1.000	1.000	1.108	1.108		3,391	3,032	70.3%	70.3%
2024	3335	1.598	1.981	1.240	1377.60	1235.09	89.7%	1.000	1.108	1.108	1.000	1.000	1.108	1.108		2,579	2,306	70.5%	70.5%
2025	2388	1.598	1.981	1.240	1526.16	1368.27	89.7%	1.000	1.108	1.108	1.000	1.000	1.108	1.108		1,961	1,753	70.6%	70.6%
Total	1209378	1.072	1.093	1.019	329.23	238.51	72.4%									338,396	238,866		
																PMPM	279.81	197.51	
																APV LLR:		70.6%	

Analysis of Lifetime Loss Ratio (LLR) - AHP Indep Projections
Roll-Up of Monthly Projections to Totals by Year

Year	Mbr Months	Relative Index for:			Annual Undiscounted Amts			Increase Over Prior Year (Expressed as Ratio)							APV of Annual Amts (\$000s)		Cumulative LR's (APV Basis)	
		Prem (Aging)	Claims (A+UW)	U/W (Durat.)	Prem PMPM	Claims PMPM	Loss Ratio	Premium PMPM			Claims PMPM				Premium	Claims	Future	Lifetime
								Aging	Other	Total	Aging	U/W	Other	Total				
2010	26476	0.945	0.679	0.718	176.15	78.66	44.7%								4,644	2,070	44.6%	44.6%
2011	345559	0.957	0.833	0.870	184.89	100.37	54.3%	1.012	1.037	1.050	1.012	1.211	1.041	1.276	61,835	33,450	53.4%	53.4%
2012	296549	0.994	0.993	0.999	207.66	133.89	64.5%	1.038	1.082	1.123	1.038	1.148	1.119	1.334	57,377	36,888	58.5%	58.5%
2013	180354	1.049	1.064	1.014	242.90	167.25	68.9%	1.056	1.108	1.170	1.056	1.015	1.165	1.249	39,119	26,857	60.9%	60.9%
2014	116681	1.109	1.162	1.047	284.30	209.52	73.7%	1.057	1.107	1.170	1.057	1.033	1.148	1.253	28,395	20,866	62.8%	62.8%
2015	77002	1.181	1.313	1.111	335.15	267.89	79.9%	1.065	1.107	1.179	1.065	1.061	1.131	1.279	21,177	16,877	64.5%	64.5%
2016	50900	1.274	1.539	1.207	400.18	349.90	87.4%	1.079	1.107	1.194	1.079	1.086	1.115	1.306	16,022	13,968	66.1%	66.1%
2017	34712	1.376	1.752	1.273	478.60	441.02	92.1%	1.080	1.107	1.196	1.080	1.054	1.107	1.260	12,525	11,510	67.4%	67.4%
2018	24755	1.466	1.837	1.254	564.15	510.87	90.6%	1.065	1.107	1.179	1.065	0.985	1.105	1.158	10,095	9,118	68.3%	68.3%
2019	17724	1.512	1.874	1.240	643.96	576.75	89.6%	1.032	1.106	1.141	1.032	0.989	1.107	1.129	7,910	7,066	69.0%	69.0%
2020	12691	1.543	1.912	1.240	727.30	651.43	89.6%	1.020	1.107	1.129	1.020	1.000	1.107	1.129	6,132	5,478	69.4%	69.4%
2021	9087	1.584	1.963	1.240	826.46	740.28	89.6%	1.027	1.107	1.136	1.027	1.000	1.107	1.136	4,783	4,273	69.8%	69.8%
2022	6506	1.598	1.981	1.240	922.59	825.95	89.5%	1.009	1.107	1.116	1.009	1.000	1.106	1.116	3,665	3,273	70.0%	70.0%
2023	4658	1.598	1.981	1.240	1021.14	914.18	89.5%	1.000	1.107	1.107	1.000	1.000	1.107	1.107	2,785	2,487	70.2%	70.2%
2024	3335	1.598	1.981	1.240	1130.22	1011.83	89.5%	1.000	1.107	1.107	1.000	1.000	1.107	1.107	2,116	1,889	70.4%	70.4%
2025	2388	1.598	1.981	1.240	1250.95	1119.91	89.5%	1.000	1.107	1.107	1.000	1.000	1.107	1.107	1,607	1,435	70.5%	70.5%
Total	1209378	1.072	1.093	1.019	272.49	197.11	72.3%								280,187	197,504		
															PMPM 231.68	163.31		
															APV LLR:	70.5%		

Analysis of Lifetime Loss Ratio (LLR) - AHP Indep Projections
Roll-Up of Monthly Projections to Totals by Year

Year	Mbr Months	Relative Index for:			Annual Undiscounted Amts			Increase Over Prior Year (Expressed as Ratio)							APV of Annual Amts (\$000s)		Cumulative LR's (APV Basis)	
		Prem	Claims	U/W	Prem	Claims	Loss	Premium PMPM			Claims PMPM				Premium	Claims	Future	Lifetime
		(Aging)	(A+UW)	(Durat.)	PMPM	PMPM	Ratio	Aging	Other	Total	Aging	U/W	Other	Total				
2010	26476	0.945	0.679	0.718	124.78	55.90	44.8%								3,290	1,471	44.7%	44.7%
2011	345559	0.957	0.833	0.870	131.07	71.51	54.6%	1.012	1.038	1.050	1.012	1.211	1.043	1.279	43,837	23,832	53.7%	53.7%
2012	296549	0.994	0.993	0.999	147.47	95.68	64.9%	1.038	1.084	1.125	1.038	1.148	1.122	1.338	40,745	26,359	58.8%	58.8%
2013	180354	1.049	1.064	1.014	172.87	119.89	69.4%	1.056	1.110	1.172	1.056	1.015	1.169	1.253	27,840	19,251	61.3%	61.3%
2014	116681	1.109	1.162	1.047	202.77	150.62	74.3%	1.057	1.110	1.173	1.057	1.033	1.151	1.256	20,252	15,000	63.2%	63.2%
2015	77002	1.181	1.313	1.111	239.56	193.08	80.6%	1.065	1.109	1.181	1.065	1.061	1.134	1.282	15,136	12,164	64.9%	64.9%
2016	50900	1.274	1.539	1.207	286.66	252.76	88.2%	1.079	1.109	1.197	1.079	1.086	1.117	1.309	11,477	10,090	66.5%	66.5%
2017	34712	1.376	1.752	1.273	343.58	319.27	92.9%	1.080	1.110	1.199	1.080	1.054	1.109	1.263	8,992	8,333	67.9%	67.9%
2018	24755	1.466	1.837	1.254	405.87	370.64	91.3%	1.065	1.109	1.181	1.065	0.985	1.107	1.161	7,262	6,615	68.8%	68.8%
2019	17724	1.512	1.874	1.240	464.28	419.34	90.3%	1.032	1.109	1.144	1.032	0.989	1.109	1.131	5,703	5,137	69.5%	69.5%
2020	12691	1.543	1.912	1.240	525.50	474.66	90.3%	1.020	1.109	1.132	1.020	1.000	1.109	1.132	4,431	3,991	70.0%	70.0%
2021	9087	1.584	1.963	1.240	598.44	540.57	90.3%	1.027	1.109	1.139	1.027	1.000	1.109	1.139	3,463	3,120	70.3%	70.3%
2022	6506	1.598	1.981	1.240	669.50	604.42	90.3%	1.009	1.109	1.119	1.009	1.000	1.108	1.118	2,660	2,395	70.6%	70.6%
2023	4658	1.598	1.981	1.240	742.62	670.44	90.3%	1.000	1.109	1.109	1.000	1.000	1.109	1.109	2,025	1,824	70.8%	70.8%
2024	3335	1.598	1.981	1.240	823.72	743.66	90.3%	1.000	1.109	1.109	1.000	1.000	1.109	1.109	1,542	1,388	71.0%	71.0%
2025	2388	1.598	1.981	1.240	913.68	824.88	90.3%	1.000	1.109	1.109	1.000	1.000	1.109	1.109	1,174	1,057	71.1%	71.1%
Total	1209378	1.072	1.093	1.019	194.53	141.91	73.0%								199,828	142,027		
															PMPM	165.23	117.44	
															APV LLR:		71.1%	

Analysis of Lifetime Loss Ratio (LLR) - AHP Indep Projections
Roll-Up of Monthly Projections to Totals by Year

Year	Mbr Months	Relative Index for:			Annual Undiscounted Amts			Increase Over Prior Year (Expressed as Ratio)						APV of Annual Amts (\$000s)		Cumulative LR's (APV Basis)		
		Prem	Claims	U/W	Prem	Claims	Loss	Premium PMPM			Claims PMPM			Premium	Claims	Future	Lifetime	
		(Aging)	(A+UW)	(Durat.)	PMPM	PMPM	Ratio	Aging	Other	Total	Aging	U/W	Other					Total
2010	26476	0.945	0.679	0.718	111.54	49.98	44.8%								2,940	1,315	44.7%	44.7%
2011	345559	0.957	0.833	0.870	117.06	63.75	54.5%	1.012	1.037	1.049	1.012	1.211	1.040	1.276	39,148	21,247	53.6%	53.6%
2012	296549	0.994	0.993	0.999	131.45	85.01	64.7%	1.038	1.082	1.123	1.038	1.148	1.119	1.333	36,319	23,421	58.6%	58.6%
2013	180354	1.049	1.064	1.014	153.71	106.15	69.1%	1.056	1.107	1.169	1.056	1.015	1.165	1.249	24,755	17,046	61.1%	61.1%
2014	116681	1.109	1.162	1.047	179.86	132.94	73.9%	1.057	1.107	1.170	1.057	1.033	1.147	1.252	17,964	13,239	63.0%	63.0%
2015	77002	1.181	1.313	1.111	211.97	169.91	80.2%	1.065	1.107	1.179	1.065	1.061	1.131	1.278	13,394	10,704	64.7%	64.7%
2016	50900	1.274	1.539	1.207	253.03	221.87	87.7%	1.079	1.107	1.194	1.079	1.086	1.114	1.306	10,131	8,857	66.2%	66.2%
2017	34712	1.376	1.752	1.273	302.54	279.56	92.4%	1.080	1.107	1.196	1.080	1.054	1.106	1.260	7,918	7,296	67.6%	67.6%
2018	24755	1.466	1.837	1.254	356.52	323.76	90.8%	1.065	1.107	1.178	1.065	0.985	1.104	1.158	6,379	5,778	68.5%	68.5%
2019	17724	1.512	1.874	1.240	406.84	365.41	89.8%	1.032	1.106	1.141	1.032	0.989	1.107	1.129	4,998	4,477	69.2%	69.2%
2020	12691	1.543	1.912	1.240	459.37	412.61	89.8%	1.020	1.107	1.129	1.020	1.000	1.107	1.129	3,873	3,470	69.6%	69.6%
2021	9087	1.584	1.963	1.240	521.86	468.77	89.8%	1.027	1.107	1.136	1.027	1.000	1.107	1.136	3,020	2,706	70.0%	70.0%
2022	6506	1.598	1.981	1.240	582.41	522.87	89.8%	1.009	1.106	1.116	1.009	1.000	1.106	1.115	2,314	2,072	70.2%	70.2%
2023	4658	1.598	1.981	1.240	644.45	578.57	89.8%	1.000	1.107	1.107	1.000	1.000	1.107	1.107	1,758	1,574	70.4%	70.4%
2024	3335	1.598	1.981	1.240	713.10	640.20	89.8%	1.000	1.107	1.107	1.000	1.000	1.107	1.107	1,335	1,195	70.6%	70.6%
2025	2388	1.598	1.981	1.240	789.06	708.39	89.8%	1.000	1.107	1.107	1.000	1.000	1.107	1.107	1,014	908	70.7%	70.7%
Total	1209378	1.072	1.093	1.019	172.37	125.03	72.5%								177,259	125,304		
															PMPM 146.57	103.61		
															APV LLR:	70.7%		

Analysis of Lifetime Loss Ratio (LLR) - AHP Indep Projections
Roll-Up of Monthly Projections to Totals by Year

This LLR Projection is for Tonik-Medical-only
See bottom-line adjustment to add Dent/Vision

Year	Mbr Months	Relative Index for:			Annual Undiscounted Amts			Increase Over Prior Year (Expressed as Ratio)						APV of Annual Amts (\$000s)		Cumulative LR's (APV Basis)				
		Prem	Claims	U/W	Prem	Claims	Loss	Premium PMPM			Claims PMPM			Premium	Claims	Future	Lifetime			
		(Aging)	(A+UW)	(Durat.)	PMPM	PMPM	Ratio	Aging	Other	Total	Aging	U/W	Other					Total		
2010	26476	0.945	0.679	0.718	147.43	66.04	44.8%								3,887	1,738	44.7%	44.7%		
2011	345559	0.957	0.833	0.870	155.08	84.87	54.7%	1.012	1.039	1.052	1.012	1.211	1.048	1.285	51,864	28,283	53.8%	53.8%		
2012	296549	0.994	0.993	0.999	175.01	114.16	65.2%	1.038	1.087	1.129	1.038	1.148	1.128	1.345	48,353	31,449	59.0%	59.0%		
2013	180354	1.049	1.064	1.014	205.96	143.85	69.8%	1.056	1.115	1.177	1.056	1.015	1.175	1.260	33,168	23,099	61.6%	61.6%		
2014	116681	1.109	1.162	1.047	242.53	181.66	74.9%	1.057	1.114	1.178	1.057	1.033	1.157	1.263	24,222	18,090	63.6%	63.6%		
2015	77002	1.181	1.313	1.111	287.65	233.95	81.3%	1.065	1.114	1.186	1.065	1.061	1.140	1.288	18,175	14,738	65.3%	65.3%		
2016	50900	1.274	1.539	1.207	345.56	307.54	89.0%	1.079	1.114	1.201	1.079	1.086	1.122	1.315	13,834	12,276	67.0%	67.0%		
2017	34712	1.376	1.752	1.273	415.80	389.97	93.8%	1.080	1.114	1.203	1.080	1.054	1.113	1.268	10,882	10,178	68.4%	68.4%		
2018	24755	1.466	1.837	1.254	493.10	454.48	92.2%	1.065	1.114	1.186	1.065	0.985	1.111	1.165	8,823	8,111	69.4%	69.4%		
2019	17724	1.512	1.874	1.240	566.27	516.20	91.2%	1.032	1.113	1.148	1.032	0.989	1.114	1.136	6,956	6,324	70.1%	70.1%		
2020	12691	1.543	1.912	1.240	643.44	586.58	91.2%	1.020	1.114	1.136	1.020	1.000	1.114	1.136	5,425	4,932	70.6%	70.6%		
2021	9087	1.584	1.963	1.240	735.61	670.65	91.2%	1.027	1.114	1.143	1.027	1.000	1.114	1.143	4,257	3,871	71.0%	71.0%		
2022	6506	1.598	1.981	1.240	826.16	752.79	91.1%	1.009	1.113	1.123	1.009	1.000	1.113	1.122	3,282	2,983	71.2%	71.2%		
2023	4658	1.598	1.981	1.240	919.97	838.27	91.1%	1.000	1.114	1.114	1.000	1.000	1.114	1.114	2,509	2,280	71.4%	71.4%		
2024	3335	1.598	1.981	1.240	1024.44	933.46	91.1%	1.000	1.114	1.114	1.000	1.000	1.114	1.114	1,918	1,743	71.6%	71.6%		
2025	2388	1.598	1.981	1.240	1140.76	1039.45	91.1%	1.000	1.114	1.114	1.000	1.000	1.114	1.114	1,466	1,332	71.7%	71.7%		
Total	1209378	1.072	1.093	1.019	233.10	171.67	73.6%													
														Medical-only:		239,021	171,427			71.7%
														Dent/Vision:		19,193	11,714			61.0%
														Total Med, Dent/Vis:		258,214	183,142			70.9%

The above LLR projection is for Medical-only. Dental/Vision is added separately, as shown:

Medical-only:	PMPM	197.64	141.75	71.7%
Dent/Vision:	PMPM:	<u>15.87</u>	<u>9.69</u>	<u>61.0%</u>
Combined:	PMPM:	213.51	151.43	70.9%

Analysis of Lifetime Loss Ratio (LLR) - AHP Indep Projections
Roll-Up of Monthly Projections to Totals by Year

Year	Mbr Months	Relative Index for:			Annual Undiscounted Amts			Increase Over Prior Year (Expressed as Ratio)						APV of Annual Amts (\$000s)		Cumulative LR's (APV Basis)		
		Prem	Claims	U/W	Prem	Claims	Loss	Premium PMPM			Claims PMPM			Premium	Claims	Future	Lifetime	
		(Aging)	(A+UW)	(Durat.)	PMPM	PMPM	Ratio	Aging	Other	Total	Aging	U/W	Other					Total
2010	26951	0.913	0.476	0.521	228.94	72.59	31.7%								6,144	1,944	31.6%	31.6%
2011	372499	0.931	0.667	0.717	242.47	107.67	44.4%	1.020	1.039	1.059	1.020	1.376	1.057	1.483	87,389	38,643	43.4%	43.4%
2012	362219	0.986	0.963	0.976	279.64	175.22	62.7%	1.059	1.089	1.153	1.059	1.362	1.128	1.627	94,309	58,903	53.0%	53.0%
2013	261729	1.058	1.106	1.045	334.31	235.53	70.5%	1.073	1.114	1.196	1.073	1.070	1.170	1.344	78,083	54,848	58.0%	58.0%
2014	196871	1.121	1.191	1.063	394.04	292.34	74.2%	1.059	1.113	1.179	1.059	1.017	1.152	1.241	66,370	49,103	61.2%	61.2%
2015	148793	1.194	1.300	1.089	467.28	363.29	77.7%	1.065	1.113	1.186	1.065	1.024	1.139	1.243	57,025	44,209	63.6%	63.6%
2016	112489	1.288	1.473	1.143	561.09	461.35	82.2%	1.079	1.113	1.201	1.079	1.050	1.121	1.270	49,623	40,686	65.7%	65.7%
2017	86608	1.391	1.628	1.171	674.37	567.46	84.1%	1.080	1.113	1.202	1.080	1.024	1.113	1.230	44,017	36,940	67.4%	67.4%
2018	68803	1.481	1.693	1.143	798.92	655.65	82.1%	1.065	1.113	1.185	1.065	0.977	1.111	1.155	39,717	32,512	68.5%	68.5%
2019	54820	1.527	1.727	1.131	916.43	744.30	81.2%	1.031	1.113	1.147	1.031	0.989	1.113	1.135	34,805	28,192	69.2%	69.2%
2020	43678	1.558	1.762	1.131	1040.79	845.34	81.2%	1.020	1.113	1.136	1.020	1.000	1.113	1.136	30,191	24,456	69.8%	69.8%
2021	34801	1.599	1.809	1.131	1189.29	965.99	81.2%	1.027	1.113	1.143	1.027	1.000	1.113	1.143	26,351	21,347	70.3%	70.3%
2022	27728	1.613	1.824	1.131	1334.35	1083.25	81.2%	1.008	1.113	1.122	1.008	1.000	1.112	1.121	22,586	18,287	70.7%	70.7%
2023	22093	1.613	1.824	1.131	1485.05	1205.59	81.2%	1.000	1.113	1.113	1.000	1.000	1.113	1.113	19,201	15,546	71.0%	71.0%
2024	17602	1.613	1.824	1.131	1652.77	1341.75	81.2%	1.000	1.113	1.113	1.000	1.000	1.113	1.113	16,321	13,215	71.2%	71.2%
2025	14025	1.613	1.824	1.131	1839.43	1493.28	81.2%	1.000	1.113	1.113	1.000	1.000	1.113	1.113	13,875	11,234	71.4%	71.4%
Total	1851709	1.139	1.152	1.011	470.19	344.29	73.2%								686,005	490,065		
															PMPM	370.47	264.66	
															APV LLR:		71.4%	
Note - includes revisions for re-normalization of prior claims pmpm, used for starting LLR claims cost pmpm.																		

Note - includes revisions for re-normalization of prior claims pmpm, used for starting LLR claims cost pmpm.

- includes AHP modification to updated plan index for existing CDHP Non-M as of 4/30/10, from 0.893 to 0.901

Exhibit 5
Analysis of Lifetime Loss Ratio (LLR) - AHP Indep Projections
Roll-Up of Monthly Projections to Totals by Year

Year	Mbr Months	Relative Index for:			Annual Undiscounted Amts			Increase Over Prior Year (Expressed as Ratio)								APV of Annual Amts (\$000s)		Cumulative LR's (APV Basis)	
		Prem	Claims	U/W	Prem	Claims	Loss	Premium PMPM			Claims PMPM					Premium	Claims	Future	Lifetime
		(Aging)	(A+UW)	(Durat.)	PMPM	PMPM	Ratio	Aging	Other	Total	Aging	U/W	Other	Total					
2010	26476	0.901	0.608	0.674	416.18	201.97	48.5%									10,972	5,315	48.4%	48.4%
2011	345559	0.912	0.758	0.831	436.59	262.70	60.2%	1.012	1.037	1.049	1.012	1.233	1.043	1.301		146,014	87,534	59.1%	59.1%
2012	296549	0.978	0.973	0.995	506.76	377.98	74.6%	1.072	1.083	1.161	1.072	1.197	1.121	1.439		139,992	104,104	66.3%	66.3%
2013	180354	1.075	1.120	1.043	617.07	506.87	82.1%	1.099	1.108	1.218	1.099	1.048	1.165	1.341		99,364	81,379	70.2%	70.2%
2014	116681	1.190	1.230	1.033	757.29	637.47	84.2%	1.108	1.108	1.227	1.108	0.991	1.146	1.258		75,622	63,485	72.4%	72.4%
2015	77002	1.299	1.409	1.085	915.10	827.21	90.4%	1.092	1.107	1.208	1.092	1.050	1.133	1.298		57,820	52,113	74.4%	74.4%
2016	50900	1.369	1.521	1.111	1067.10	991.80	92.9%	1.053	1.107	1.166	1.053	1.025	1.111	1.199		42,729	39,609	75.7%	75.7%
2017	34712	1.398	1.548	1.107	1207.58	1118.37	92.6%	1.022	1.108	1.132	1.022	0.996	1.108	1.128		31,610	29,198	76.6%	76.6%
2018	24755	1.424	1.573	1.105	1361.51	1259.30	92.5%	1.018	1.108	1.127	1.018	0.998	1.108	1.126		24,365	22,476	77.2%	77.2%
2019	17724	1.452	1.604	1.105	1537.76	1422.31	92.5%	1.020	1.107	1.129	1.020	1.000	1.107	1.129		18,890	17,425	77.6%	77.6%
2020	12691	1.481	1.636	1.105	1737.01	1606.62	92.5%	1.020	1.107	1.130	1.020	1.000	1.107	1.130		14,645	13,510	78.0%	78.0%
2021	9087	1.512	1.671	1.105	1964.02	1816.51	92.5%	1.021	1.107	1.131	1.021	1.000	1.107	1.131		11,367	10,485	78.2%	78.2%
2022	6506	1.522	1.682	1.105	2188.60	2023.41	92.5%	1.007	1.107	1.114	1.007	1.000	1.107	1.114		8,695	8,018	78.4%	78.4%
2023	4658	1.522	1.682	1.105	2423.45	2240.53	92.5%	1.000	1.107	1.107	1.000	1.000	1.107	1.107		6,609	6,094	78.5%	78.5%
2024	3335	1.522	1.682	1.105	2683.50	2480.95	92.5%	1.000	1.107	1.107	1.000	1.000	1.107	1.107		5,023	4,632	78.6%	78.6%
2025	2388	1.522	1.682	1.105	2971.46	2747.17	92.5%	1.000	1.107	1.107	1.000	1.000	1.107	1.107		3,818	3,521	78.7%	78.7%
Total	1209378	1.074	1.061	0.988	678.82	544.68	80.2%									697,537	548,897		
																PMPM	576.77	453.87	
																APV LLR:	78.7%		

Analysis of Lifetime Loss Ratio (LLR) - AHP Indep Projections
Roll-Up of Monthly Projections to Totals by Year

Year	Mbr Months	Relative Index for:			Annual Undiscounted Amts			Increase Over Prior Year (Expressed as Ratio)						APV of Annual Amts (\$000s)		Cumulative LR's (APV Basis)			
		Prem	Claims	U/W	Prem	Claims	Loss	Premium PMPM			Claims PMPM			Premium	Claims	Future	Lifetime		
		(Aging)	(A+UW)	(Durat.)	PMPM	PMPM	Ratio	Aging	Other	Total	Aging	U/W	Other					Total	
2010	26476	0.901	0.608	0.674	275.31	134.12	48.7%								7,258	3,529	48.6%	48.6%	
2011	345559	0.912	0.758	0.831	289.67	176.13	60.8%	1.012	1.040	1.052	1.012	1.233	1.053	1.313	96,874	58,684	59.7%	59.7%	
2012	296549	0.978	0.973	0.995	338.37	256.26	75.7%	1.072	1.090	1.168	1.072	1.197	1.133	1.455	93,472	70,576	67.2%	67.2%	
2013	180354	1.075	1.120	1.043	415.42	347.70	83.7%	1.099	1.117	1.228	1.099	1.048	1.179	1.357	66,890	55,821	71.3%	71.3%	
2014	116681	1.190	1.230	1.033	514.00	441.97	86.0%	1.108	1.117	1.237	1.108	0.991	1.158	1.271	51,325	44,014	73.7%	73.7%	
2015	77002	1.299	1.409	1.085	626.17	579.11	92.5%	1.092	1.116	1.218	1.092	1.050	1.144	1.310	39,563	36,482	75.7%	75.7%	
2016	50900	1.369	1.521	1.111	736.13	700.29	95.1%	1.053	1.116	1.176	1.053	1.025	1.120	1.209	29,475	27,966	77.2%	77.2%	
2017	34712	1.398	1.548	1.107	839.86	796.13	94.8%	1.022	1.117	1.141	1.022	0.996	1.118	1.137	21,984	20,784	78.1%	78.1%	
2018	24755	1.424	1.573	1.105	954.67	903.78	94.7%	1.018	1.117	1.137	1.018	0.998	1.117	1.135	17,084	16,130	78.8%	78.8%	
2019	17724	1.452	1.604	1.105	1087.06	1029.12	94.7%	1.020	1.116	1.139	1.020	1.000	1.116	1.139	13,353	12,608	79.3%	79.3%	
2020	12691	1.481	1.636	1.105	1237.94	1171.97	94.7%	1.020	1.116	1.139	1.020	1.000	1.116	1.139	10,437	9,855	79.6%	79.6%	
2021	9087	1.512	1.671	1.105	1411.16	1335.90	94.7%	1.021	1.116	1.140	1.021	1.000	1.116	1.140	8,167	7,711	79.9%	79.9%	
2022	6506	1.522	1.682	1.105	1585.35	1500.19	94.6%	1.007	1.116	1.123	1.007	1.000	1.116	1.123	6,298	5,944	80.1%	80.1%	
2023	4658	1.522	1.682	1.105	1769.80	1674.74	94.6%	1.000	1.116	1.116	1.000	1.000	1.116	1.116	4,827	4,555	80.2%	80.2%	
2024	3335	1.522	1.682	1.105	1975.72	1869.60	94.6%	1.000	1.116	1.116	1.000	1.000	1.116	1.116	3,698	3,490	80.3%	80.3%	
2025	2388	1.522	1.682	1.105	2205.60	2087.13	94.6%	1.000	1.116	1.116	1.000	1.000	1.116	1.116	2,834	2,675	80.4%	80.4%	
Total	1209378	1.074	1.061	0.988	462.48	379.50	82.1%								473,541	380,826			
															PMPM	391.56	314.89		
															APV LLR:		80.4%		

Exhibit 6

Page 1

Changes in Premiums due to HCR, Unisex Rating & Adj to Tgt Pricing (*in addition to new benefit plan designs*)

PMPM Base Rates Effective 10/1/10

Plan: New SmartSense Plus Std Rx \$2000

Base Plan:					Existing Rates		New SmartS Plus		Ratio	
Existing SmartS Gen Rx: \$1500					Blended per 4/30/10		Std Rx, \$2000		New Unisex /	
Base Rates Effective 10/1/10					M/F Member Distn				Existing Blended	
Age	1 Mbr		2+ Mbr Rates		1-Mbr	2+Mbr	1-Mbr	2+ Mbr	1-Mbr	2+Mbrs
	Male	Female	Male	Female	Blended	Blended	Unisex	Unisex	C / A	D / B
0	98.77	98.77	98.77	98.77	(A) 98.77	(B) 98.77	(C) 329.35	(D) 329.35	3.334	3.334
5	70.71	70.71	70.71	70.71	70.71	70.71	127.96	127.96	1.810	1.810
10	60.44	60.44	60.44	60.44	60.44	60.44	111.05	111.05	1.837	1.837
15	83.23	72.93	83.23	72.93	78.46	78.26	107.35	106.35	1.368	1.359
20	111.24	96.76	111.24	96.76	104.53	103.78	111.51	108.76	1.067	1.048
25	111.24	105.70	111.24	105.70	108.57	107.74	117.82	112.50	1.085	1.044
30	119.71	113.69	119.71	113.69	116.95	116.16	133.26	121.80	1.139	1.049
35	126.59	126.34	123.46	123.01	126.48	123.20	162.96	142.40	1.288	1.156
40	155.74	146.55	142.77	136.22	151.09	139.09	194.73	167.08	1.289	1.201
45	183.24	199.36	156.58	169.45	191.32	163.40	219.98	188.75	1.150	1.155
50	216.49	250.10	183.56	212.39	234.17	197.43	272.18	233.53	1.162	1.183
55	272.89	303.27	246.05	274.63	291.17	257.68	328.68	282.01	1.129	1.094
60	460.67	350.97	448.94	342.44	378.07	406.03	424.79	382.28	1.124	0.941
65	601.72	472.52	587.37	460.47	501.23	545.07	486.83	452.26	0.971	0.830

Wtd Avgs based on 4/30/10 Mbr Dist'n for Existing SmartSense plan-family (all ages):

Total:	157.16	128.08	157.16	128.08	186.66	163.92	1.188	1.280
All	142.11		142.11		174.90		1.231	

SmartS Pricing Adj for HCR & Target Pricing Adj

Value of Preventive:	8.5%
Value of Gl of Kids:	3.5%
Preventive + Gl:	1.121
Adj to Target Pricing:	1.193
Subtotal	1.336

Target PMPM for New Plan: SmartS Plus Std Rx \$2000

Wtd Avg Prem PMPM for Existing Base Plan (SS 1500 Gen Rx):	142.11
Pricing Adj for HCR and Target Pricing Adj	1.336
Pricing Relativity of New Plan to Existing SS 1500 Gen Rx	<u>0.921</u>
Total Pricing Relativity of New Plan / Existing Base Plan	1.231
Target PMPM for New Plan:	174.90

Exhibit 6

Changes in Premiums due to HCR, Unisex Rating & Adj to Tgt Pricing (*in addition to new benefit plan designs*)

PMPM Base Rates Effective 10/1/10

Plan: New Luminos/CDHP NonMat \$1500

Age	Existing CDHP NonMat \$1500 Base Rates Effective 10/1/10				Existing Rates Blended per 4/30/10 M/F Member Distn		New CDHP NonMat \$1,500		Ratio New Unisex / Existing Blended	
	1 Mbr		2+ Mbr Rates		1-Mbr	2+Mbr	1-Mbr	2+ Mbr	1-Mbr	2+Mbrs
	Male	Female	Male	Female	Blended	Blended	Unisex	Unisex	C / A	D / B
0	253.18	253.18	253.18	253.18	(A) 253.18	(B) 253.18	(C) 412.71	(D) 412.71	1.630	1.630
5	72.10	72.10	68.78	68.78	72.10	68.78	129.57	129.57	1.797	1.884
10	79.05	79.05	79.05	79.05	79.05	79.05	129.90	129.90	1.643	1.643
15	120.43	116.14	116.14	116.14	118.62	116.14	134.05	134.05	1.130	1.154
20	120.43	116.14	116.14	116.14	118.61	116.14	141.03	141.03	1.189	1.214
25	120.93	117.59	116.14	116.14	119.27	116.14	151.21	149.50	1.268	1.287
30	123.41	122.53	116.14	116.14	122.93	116.14	174.83	163.30	1.422	1.406
35	145.80	133.52	116.14	116.14	139.96	116.14	201.80	184.25	1.442	1.586
40	186.35	166.37	141.55	135.13	175.42	137.92	232.82	212.56	1.327	1.541
45	222.62	241.88	170.20	207.20	234.71	190.62	268.28	244.94	1.143	1.285
50	248.44	311.12	202.34	264.48	280.71	232.41	326.76	298.33	1.164	1.284
55	341.10	392.01	299.69	331.81	373.21	312.93	448.60	409.58	1.202	1.309
60	553.57	461.59	495.27	395.39	480.15	456.34	651.77	595.07	1.357	1.304
65	728.66	570.70	696.15	540.57	649.68	657.25	757.19	691.32	1.165	1.052

Wtd Avgs based on 4/30/10 Mbr Dist'n for Existing Luminos/CDHP Non-Maternity plan-family (all ages):

Total:	261.27	170.25	261.27	170.25	336.13	239.27	1.287	1.405
All	204.96		204.96		276.21		1.348	

CDHP-NonMat Pricing Adj for HCR & Tgt Pricing Adj

Value of Preventive:	1.2%
Value of Gl of Kids:	2.7%
Preventive + Gl:	1.039
Adj to Target Pricing:	1.297
Subtotal	1.348

Target PMPM for New Plan: CDHP NonMat \$1500

Wtd Avg Prem PMPM for Existing Plan:	204.96
Pricing Adj for HCR and Tgt Pricing Adj	1.348
Pricing Relativity of New Plan to Existing CDHP NM \$1500	<u>1.000</u>
Total Pricing Relativity of New Plan / Existing Plan	1.348
Target PMPM for New Plan:	276.21

Exhibit 6

Changes in Premiums due to HCR, Unisex Rating & Adj to Tgt Pricing (*in addition to new benefit plan designs*)

Page 3

PMPM Base Rates Effective 10/1/10

Plan: New Share \$5000

Sub. Age	Existing Share \$5000 Base Rates, 10/1/10 Blended per 4/30/10 M/F Member Dist'n					New Share \$5000					Ratio New Unisex / Existing Blended				
	Single	S+Sp	S+Child	S+Chldr n	S+Fam	Single	S+Sp	S+Child	S+Chldr n	S+Fam	Single	S+Sp	S+Chil d	S+Chn	S+Fa m
	Blended	Blended	Blended	Blended	Blended	Unisex	Unisex	Unisex	Unisex	Unisex	C / A	D / B			
	(A)	(B)				(C)	(D)								
0	186.86		320.02	569.79		342.66		528.94	685.06		1.83		1.65	1.20	
5	130.48		256.07	413.88		171.33		285.06	486.11		1.31		1.11	1.17	
10	126.61		254.05	413.88		171.33		285.06	486.11		1.35		1.12	1.17	
15	129.01		262.38	420.94		171.33		282.76	431.40		1.33		1.08	1.02	
20	149.43	277.03	282.64	446.30	446.30	224.03	514.88	502.91	644.94	860.26	1.50	1.86	1.78	1.45	1.93
25	149.84	291.48	282.64	446.30	517.55	290.84	650.54	569.72	711.75	995.92	1.94	2.23	2.02	1.59	1.92
30	165.45	313.73	287.78	454.62	546.67	377.58	730.04	653.57	765.12	1088.20	2.28	2.33	2.27	1.68	1.99
35	194.97	352.26	301.57	477.98	595.40	431.63	730.72	624.47	755.29	1083.87	2.21	2.07	2.07	1.58	1.82
40	198.87	402.29	302.83	481.12	634.34	420.02	690.56	559.25	722.21	1033.87	2.11	1.72	1.85	1.50	1.63
45	226.98	453.30	322.60	509.34	732.27	384.83	688.47	482.20	671.84	1010.64	1.70	1.52	1.49	1.32	1.38
50	287.78	596.42	384.57	558.81	856.73	417.58	794.05	501.19	688.10	1068.89	1.45	1.33	1.30	1.23	1.25
55	356.24	778.36	468.26	637.68	1,025.18	507.88	1011.68	577.76	749.36	1252.31	1.43	1.30	1.23	1.18	1.22
60	475.63	992.39	593.12	754.41	1,189.52	619.93	1200.54	716.11	883.66	1420.92	1.30	1.21	1.21	1.17	1.19
65	550.77	1,116.29	680.60	835.31	1,288.93	672.36	1249.25	764.83	932.37	1469.63	1.22	1.12	1.12	1.12	1.14

Wtd Avgs based on 4/30/10 Mbr Dist'n for Existing Share plan-family (all ages):

Total:	291.08	695.68	364.63	537.16	773.65
All	Wtd Avgs: 432.98 / Subscr.		245.65 / Mbr		

444.65	915.37	554.03	719.28	1087.79
Wtd Avgs: 624.27 / Subscr.		354.17 / Mbr		

1.53	1.32	1.52	1.34	1.41
W.Avg: 1.44 / Subscr		1.44 / Mbr		

Note - Final Rates produced slightly lower Avg than Target

Share Pricing Adj for HCR & Target Pricing Adj

Value of Preventive:	5.4%
Value of Gl of Kids:	<u>0.3%</u>
Preventive + Gl:	1.058
Adj to Target Pricing:	1.375
Subtotal	1.454

Target PMPM for New Plan: Share \$5000

PMPM

Wtd Avg Prem PMPM for Existing Base Plan:	245.65
Pricing Adj for HCR and Tgt Pricing Adj	1.454
Pricing Relativity of New Plan to Existing Share \$5000	<u>1.000</u>
Total Pricing Relativity of New Plan / Existing Base Plan	1.454
Target PMPM for New Plan:	357.29

Exhibit 6

Changes in Premiums due to HCR, Unisex Rating & Adj to Tgt Pricing (*in addition to new benefit plan designs*)

Base Rates Effective 10/1/10

Plan: New Luminos/CDHP NonMat \$4500 (Single)

Age	Existing CDHP NonMat \$5000 Base Rates Effective 10/1/10				Existing Rates Blended per 4/30/10 M/F Member Distr		New CDHP NonM \$4500 (Single)		Ratio New Unisex / Existing Blended	
	1 Mbr		2+ Mbr Rates		1-Mbr	2+Mbr	1-Mbr	2+ Mbr	1-Mbr	2+Mbrs
	Male	Female	Male	Female	Blended	Blended	Unisex	Unisex		
					(A)	(B)	(C)	(D)	C / A	D / B
0	236.88	236.88	236.88	236.88	236.88	n/a	326.12	n/a	1.377	n/a
5	58.54	58.54	53.04	53.04	58.54	n/a	102.38	n/a	1.749	n/a
10	57.72	57.72	57.72	57.72	57.72	n/a	102.64	n/a	1.778	n/a
15	86.30	83.24	83.24	83.24	85.00	n/a	105.93	n/a	1.246	n/a
20	86.30	83.24	83.24	83.24	85.00	n/a	111.44	n/a	1.311	n/a
25	87.27	83.24	83.24	83.24	85.27	n/a	119.48	n/a	1.401	n/a
30	90.18	83.35	83.24	83.24	86.44	n/a	138.15	n/a	1.598	n/a
35	106.02	89.35	83.24	83.24	98.09	n/a	159.46	n/a	1.626	n/a
40	136.67	114.22	96.11	84.18	124.39	n/a	183.97	n/a	1.479	n/a
45	164.21	173.96	116.32	135.41	170.32	n/a	211.99	n/a	1.245	n/a
50	180.06	223.13	136.13	174.91	202.24	n/a	258.20	n/a	1.277	n/a
55	248.21	279.90	205.04	219.77	268.20	n/a	354.48	n/a	1.322	n/a
60	431.41	340.19	362.35	271.04	358.60	n/a	515.02	n/a	1.436	n/a
65	600.70	444.43	559.20	406.07	522.57	n/a	598.32	n/a	1.145	n/a
Total:	191.45		119.05		191.45		265.60		1.387	
	146.66									

CDHP-NonMat Pricing Adj for HCR & Tgt Pricing Adj

Value of Preventive:	1.2%
Value of GI of Kids:	2.7%
Preventive + GI:	1.039
Adj to Target Pricing:	1.297
Subtotal	1.348

Target Single PMPM for New Plan: CDHP NonMat \$4500 Ded

Wtd Avg <i>Single</i> Prem for Existing Base Plan:	191.45
Pricing Adj for HCR and Tgt Pricing Adj	1.348
Pricing Relativity of New Plan to Existing CDHP NonM \$	1.029 *
Total Pricing Relativity of New Plan / Existing Base Plan	1.387
Target <i>Single</i> PMPM for New Plan:	265.60

* The Pricing Relativity factor of 1.029 accounts for the change in the individual member deductible amount (\$5000 to 4500).

The relative benefit factors for the new 2+ Mbr (family) rates are priced to include the different type of approach for family deductibles under the new plan designs. The 2+ Mbr rates for this plan are excluded from this comparison since the different deductible approach makes such rates not directly comparable to current rates.